

## NAIC VM-22 Drafting Discussion Log - 2022 Exposure

#	Topic	Description	Date	Tier	Outcome
1	Exemption Threshold Level	Discuss potential reserve thresholds, below which companies can apply for VM-22 exemption	3/1/2023	1	Subgroup voted for \$1b threshold for an individual company; to confirm whether the intent is \$2b threshold for a group of companies
2	Exemption Reinsurance Treatment	Are the reserves for the exemption levels gross or net of reinsurance?	3/1/2023	1	Subgroup voted in favor of setting a threshold on a gross of reinsurance basis
3	Longevity Reinsurance k-factor Approach	Consider principles-based methods for longevity reinsurance requirements?	4/12/2023	1	Subgroup reaffirmed direction of k-factor requirements
4	GLB Exemption Eligibility	Allow GLBs to be eligible for the exemption? Only if in payout status? What if only the GLB piece is reinsured?	4/12/2023	2	Subgroup decided to keep language; interested parties may comment if unclear GLB utilization won't make a closed block ineligible for exemption
5	Include "Other" category in exemption?	Include the "other" category for individual and group annuities in the annual statement for the exemption?	4/12/2023	2	Will include business from "other" category if falling into scope of VM-22
5	VM-21 vs. VM-22 Applicability	For principles in Section II, say "shall follow" or "generally expected to follow"?	4/12/2023	2	Subgroup voted to say "shall follow"
6	Combo Product Valuation	Should nursing riders and combo products be valued under PBR or prior formulaic reserves?	4/19/2023	2	Keep nursing home benefits in text; combination products to have living benefits valued with base policy modeled reserve
7	Reserving Category for GLB with Depleted AV	Use principle-based categorization or require a specific reserving category?	4/19/2023	2	Voted to prescribe the accumulation reserving category for guaranteed living benefits with depleted fund value
8	Frequency of Reviewing PBR Assumptions	Current text specifies reviewing experience annually, but assumptions periodically - align the two? Every 3 years?	4/19/2023	2	Voted to replace "periodically" with "annually" and add a guidance note to consider guidance on full studies
9	Rider Valuation	Add "After issuance" for determining whether a rider's reference to base policy results in valuing them together?	4/26/2023	3	Keeping "After issuance" for clarity
10	Two Benefits in a Contract	"May" or "should" assume the more valuable of two benefits in a contract?	4/26/2023	3	Per discussion, changed to say "should generally be assumed"
11	Longevity Reinsurance Premium Frequency	Remove the statement specifying that premiums are paid over the life of the annuitant?	4/26/2023	3	Kept the statement, but added the word "generally" to provide flexibility to the definition
12	Separate Account References	Remove references to the Separate Account in VM-22?	4/26/2023	3	Decided to strike references to separate account, but will add a drafting note to pose a question in field test for referencing separate accounts
13	Guidance Note in Section 3.A	Make guidance note part of formal text?	4/26/2023	3	Removed guidance note and make statement part of the formal text
14	Aggregation within each Reserving Category	Clarifying guidance on aggregation within reserving categories	4/26/2023	3	Added reference to both DR and SR, and moved to aggregation subsection within Section 3
15	Revisiting Aggregation	View expressed that a more principles-based approach for aggregation	4/26/2023	3	Will include the impact of aggregation in field testing; no other changes
17	Annuitization from Other Host Contracts	VM-21 vs. VM-22 treatment for annuitizations from host contracts	4/26/2023	3	Will work with ACLI to consider specific recommendations, and decide whether to work through the VM-22 Subgroup or LATF (impacts VM-21)
18	Supplementary Contracts	Need a definition for supplementary contracts?	4/26/2023	3	Voted to not add a definition or SSAP reference for supplementary contracts
16	Pre-determined Reinsurance Premiums	If premiums are pre-determined for longevity reinsurance, how does the k-factor approach apply?	5/10/2023	3	

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19	Index Credit Hedge Margin	Determine prescribed minimum margins	5/10/2023	3	
20	Projection Period	No obligations or not <i>material</i> obligations at the end of the projection period?	5/10/2023	3	
21	MVA Threshold	Should there be a percentage threshold of market value assets in a portfolio to determine MVA treatment?	5/10/2023	3	
22	Longevity Reinsurance Guidance Note	Clarify guidance note saying that deterministic assumptions are not appropriate for longevity reinsurance	5/10/2023	3	
23	Term Certain in SPIA SET exemption	Include "Annuities Certain" and "Supplementary Contracts" from Exhibit 7 in SPIA threshold definition?	5/10/2023	3	
24	PRT Exclusion Testing treatment	Keep ineligibility for PRT and longevity reinsurance to automatically pass exclusion test through SPIA carveout?	5/24/2023	3	
25	SPIAs with increasing benefits & optionality	Allow SPIA exclusion test treatment to include fixed COLA, 50% joint, non-elective changes) rather than 5% standard	5/24/2023	3	
26	Payout Annuity Exemption Definition	Remove group annuities from payout exemption reserve definition if excluding PRT/reinsurance from carveout?	5/24/2023	3	
27	Index vs. Non-Index Hedging Bifurcation	What if a company does not clearly separate hedging strategies for index vs. non-index hedge programs?	5/24/2023	3	
28	E Factor Examples	Clarify examples listed for the E-factor for hedging purposes is non-exhaustive?	5/24/2023	3	
29	Sensitivity Test Immateriality	Should sensitivity testing include assumptions that are deemed to be immaterial? (e.g., account transfers, etc.)	5/24/2023	3	
30	Less Conservative Than Experience	Allow immaterial risk factors or low/no credibility to not be bound by less conservative than experience limit?	5/24/2023	3	